

VZCZCXRO6035
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #1126/01 0620123
ZNR UUUUU ZZH
P 030123Z MAR 06
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 9285
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/COMUSJAPAN YOKOTA AB JA//J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/COMPATWING ONE KAMI SEYA JA
RUEHNH/AMCONSUL NAHA 7547
RUEHFK/AMCONSUL FUKUOKA 4911
RUEHOK/AMCONSUL OSAKA KOBE 8014
RUEHNAG/AMCONSUL NAGOYA 4959
RUEHKSO/AMCONSUL SAPPORO 6101
RUEHBJ/AMEMBASSY BEIJING 0907
RUEHUL/AMEMBASSY SEOUL 7102
RUCNDT/USMISSION USUN NEW YORK 9106

UNCLAS SECTION 01 OF 12 TOKYO 001126

SIPDIS

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST
DIVISION; TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS
OFFICE; SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY
ADVISOR; CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 03/03/06

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule

Minshuto (Democratic Party of Japan) in disarray:

- 4) Yomiuri poll: 70% of public critical of Minshuto's e-mail caper in the Diet; 60% want lawmaker Nagata to resign
- 5) To save the day, Minshuto appoints elderly lawmaker, known as the "living dictionary," to manage party's Diet affairs
- 6) Minshuto head Maehara seems to have completely surrendered his leadership in the party
- 7) Many in LDP, unconvinced by Minshuto apologies, punishment of Nagata, still want to "attack" party
- 8) Vacuum created in the Diet due to the Minshuto brawl ironically allowed the budget to pass the lower house with little debate

Defense and security issues:

- 9) Foreign Ministry in annual arms control white paper finally tackles issue of China's military buildup
- 10) JDA chief Nukaga appeals to eight local heads around Iwakuni base to accept transfer of carrier jets from Atsugi
- 11) JDA issues stern warning to Mitsubishi Electric, halts new defense contracts
- 12) Government planning to release oil stockpile if sanctions

imposed on Iran, embargoing oil flow to Japan

13) Administrative reform plan targets policy-related financial institutions by halving their balance of funds by end of FY08 in GDP terms

14) Important bills left to pass in last half of Diet

Beef ban:

15) USDA Secretary Johanns hardens stance toward resolving US beef import issue

16) Japan's white paper on agriculture for FY05 spotlights the US beef issue

Articles:

1) TOP HEADLINES

Asahi:

Hollowing out of Diet: Budget bill gets through Lower House without questioning; All Minshuto (DPJ) did is to make apology

Mainichi:

DFAA-involved bid-rigging scandal: Tokyo District Public Prosecutors Office questioning all general contractors

Yomiuri:

Poll: 70% are "not convinced" about Minshuto's response to e-mail fiasco; 60% call for resignation of lawmaker Nagata

Nihon Keizai:

Toyota accepts labor union's 1,000-yen wage hike request; Leading electric manufacturers also grant wage hikes for first time in

TOKYO 00001126 002 OF 012

five years

Sankei:

US-India summit: US will extend cooperation to India in nuclear development, removing restrictions on technology exports

Tokyo Shimbun:

Overcrowded juvenile facilities in Tokyo; Number of children in need of urgent care rising due to surge in child-abuse cases

2) EDITORIALS

Asahi:

(1) Reconstruction of JAL: No future for sick organization
(2) India's nuclear program: The danger of US recognition

Mainichi:

(1) Inactive Diet: Taxpayers' money is wasted
(2) Health insurance lawsuit: Continuing the work of Mr. Sugio

Yomiuri:

(1) JAL's fresh start: Share sense of crisis needed
(2) Diet debate: Go back to basics

Nihon Keizai:

(1) World powers should unite to avoid an Iranian nuclear crisis
(2) Questions about President Roh's speech

Sankei:

(1) Budget passes Lower House; We hope Koizumi will complete his reform
(2) North Korea: Tighten the net

Tokyo Shimbun:

(1) Passage of budget: Diet debate needs to return to normal
(2) Spring wage increase offensive: Labor unions should make good use of this robust economy

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, March 2

NIHON KEIZAI (Page 2) (Full)
March 3, 2006

09:02
Arrived at Kantei.

09:59
Attended a Lower House Budget Committee meeting.

12:06
Returned to Kantei.

13:01
Attended the Lower House Budget Committee meeting.

15:48
Met at Kantei with Public Affairs Headquarters deputy chief Seko.

16:40
Attended a Lower House plenary session.

TOKYO 00001126 003 OF 012

18:26
Met Lower House Speaker Kono and his deputy Yokomichi and other ruling party executives.

18:45
Returned to Kantei.

19:23
Returned to his residence.

4) Poll on DPJ email fiasco: 70% see DPJ action as unconvincing;
60% urge Nagata to resign

YOMIURI (Top play) (Abridged)
March 3, 2006

The leading opposition Democratic Party of Japan (DPJ or Minshuto), in a recent parliamentary session, took up the issue of the former Livedoor Co. president's alleged email directive to send money to a ruling Liberal Democratic Party (LDP) executive's son. In response, the Yomiuri Shimbun conducted a telephone-based spot nationwide public opinion survey on March 1-2. DPJ Diet Affairs Committee Chairman Yoshihiko Noda has resigned from his party post to take responsibility. In the Diet, Hisayasu Nagata, a House of Representatives member with the DPJ, took up the email (later found to be a fake) and asked questions about its content. On this issue, the DPJ went no further than to suspend Nagata's party membership for six months. Asked about this way of taking responsibility, 70% of respondents answered that it was "unconvincing." Respondents were also asked if they thought Nagata should resign from his Diet post. In reply to this question, 60% answered "yes," with 32% saying "no." Respondents were further asked if they thought DPJ President Maehara should resign as his party's head. In response, "yes" and "no" were even at 45%.

In the meantime, the approval rating for the Koizumi cabinet was 35.0%, with the disapproval rating at 35.0%. The support rate was up 2.8 percentage points from a telephone-based spot survey conducted in January after the Livedoor scandal, and the nonsupport rate was down 1.1 points. In the breakdown of public support for political parties, the LDP stood at 42.9%, up 4.0 points from this January's spot survey. The DPJ was at 15.1%, down 2.1 points.

5) Kozo Watanabe becomes Minshuto's Diet Affairs Committee chairman

MAINICHI (Page 5) (Slightly abridged)
March 3, 2006

Former House of Representatives Vice Speaker Kozo Watanabe

assumed yesterday the post of Minshuto's (Democratic Party of Japan) Diet Affairs Committee chairman. The 73-year-old veteran lawmaker was first elected to the Diet when he was 37. He served in such cabinet posts as health and welfare minister, home affairs minister, and trade minister. He has experience as one of the seven prefects of the former Takeshita faction in the Liberal Democratic Party (LDP).

He took part in the formation of the now defunct Shinseito (Japan

TOKYO 00001126 004 OF 012

Renewal Party) in 1993, and that of the now defunct Shinshintō (New Frontier Party) in 1994. He served as Lower House vice speaker from 1996 to 2003. He served as the LDP's Diet affairs chief in 1987 and as Shinshintō's Diet Steering Committee chairman. He is well versed in Diet affairs. The main opposition party now relies on a professional.

He has a desire to leave his name in history as one of the persons who formed a two party system. He belonged to the debate club of Waseda University. He enjoys great prestige among young lawmakers.

Both Watanabe and Ichiro Ozawa, former Minshuto vice president, have been serving in the Diet for the same length of time. He calls Prime Minister Junichiro Koizumi "Koizumi-kun," just like the premier were his junior. When Watanabe was LDP Diet affairs chief, Koizumi was his deputy.

He initially turned down the request, but he said after accepting the post, "If nobody takes the post, our party will go down." However some party members are critical about the appointment of Watanabe, saying that it seems to be a move to turn the clock back.

While Minshuto is having a difficult time, Watanabe's political caliber will be tested.

6) Minshuto's Maehara totally surrenders in e-mail fiasco; Leadership falls decisively

SANKEI (Page 2) (Excerpts)
March 3, 2006

Minshuto (Democratic Party of Japan) President Seiji Maehara and fellow lawmaker Hisayasu Nagata offered yesterday their separate apologies to Prime Minister Junichiro Koizumi and Liberal Democratic Party (LDP) Secretary General Tsutomu Takebe. After a big fuss, the largest opposition party was able to install former House of Representatives Vice Speaker Kozo Watanabe in the party's Diet Affairs Committee chairman post. Watanabe, a supreme advisor to the party, is 73 years old, 30 years senior to Maehara. With Maehara's "total surrender," the party was able to prevent itself from flying apart. Given the situation, Watanabe's role this time is to try to keep the sinking Maehara ship afloat. Maehara is losing completely his grip on the party.

Prime Minister told reporters last night at the Prime Minister's Official residence, wearing an expression of relief:

"I think Mr. Maehara has been experiencing a lot of hardships, but the public has high hopes for the largest opposition party. I want him to learn a lesson from the incident and control the party so as not to repeat the same mistake. I would like him to take it a lesson to develop as a politician."

Secretary General Yukio Hatoyama also apologized to Takebe at the

SIPDIS

Diet chamber. Takebe, referring to the LDP's second set of questioners to Minshuto, responded by saying, "If you give us clear answers, we will put an end to the matter."

7) Livedoor e-mail uproar: LDP still dissatisfied with Minshuto's response

MAINICHI (Page 5) (Excerpts)
March 3, 2006

The ruling Liberal Democratic Party (LDP) has put off a settlement of the e-mail fiasco. The reason is because it has judged that giving the main opposition party Minshuto (Democratic Party of Japan) detailed requests will be useful material to constrain Minshuto. The LDP has been severely criticizing lawmaker Hisayasu Nagata at the House of Representatives' plenary session, which approved a decision (by the Lower House Steering Committee) to refer a motion calling for punishment against Nagata to the Committee on Discipline. Some in the ruling coalition have called for refraining excessive pressure on the main opposition party, with senior New Komeito remarking, "If we press the opposition too hard, the public mood might change." The ruling camp has begun considering what would be a good timing for putting an end to the matter, while using flexible tactics.

In response to the open letter of questionnaires the LDP presented on March 1, Nagata and the LDP leadership admitted that the basis of the accusation concerning the e-mail message had vanished and that the e-mail was a fake.

The LDP, however, is not satisfied with Minshuto's responses. LDP Acting Secretary General Ichiro Aisawa stated: "I wonder why they can't come out and say it was a fake e-mail and a complete fabrication that 30 million yen was paid (to LDP Secretary General Takebe's son)."

Aisawa, presenting the second set of questions, which contained an example of an apology, pressed Minshuto to respond again.

The e-mail issue is the best tool for the LDP to attack Minshuto. A senior LDP member commented: "As long as this matter is unresolved, Minshuto cannot take tough stances in Diet debate." The LDP lawmaker's remark suggests that the Diet management will go smoothly as long as settlement of the e-mail issue is delayed.

8) Remaining half of Diet session may lack substance; Minshuto members make apologies; Budget bill passes Lower House without heated debate; Koizumi expected to renew his vow to accomplish reform drive

ASAHI (Top play) (Almost full)
March 3, 2006

The tide has turned in favor of the ruling bloc because of the e-mail hullabaloo. The fiscal 2006 budget bill cleared the Lower House in its plenary session last evening. At the Diet, the major opposition party Minshuto (Democratic Party of Japan) was supposed to demonstrate its political presence by relentlessly attacking the Koizumi reform drive. Instead, Minshuto lawmakers who took the floor as questioners had to bow deeply in apology for the e-mail in question that has turned out to be bogus. Now that the opposition bloc has lost its momentum to pursue the Koizumi administration's policies because the largest opposition party has followed a self-destructive course because of the e-mail flap, the remaining Diet session may become devoid of substance. Prime Minister Junichiro Koizumi, who once seemed to have lost his grip on his party after the Livedoor incident, is expected to re-solidify his reform drive once again by taking

TOKYO 00001126 006 OF 012

advantage of this situation. With the Liberal Democratic Party presidential election coming up in the fall, the focus is also shifting to how prospective post-Koizumi candidates, who have been keeping their distances from the premier over the Imperial House Law issue and other issue, will respond now.

Yesterday, one of the highlights in the current Diet session, Minshuto lawmakers were busy bowing to ruling party members in apology and finding a new Diet affairs chief. Kazuhiro Haraguchi,

who took the floor as questioner in yesterday's Lower House Budget Committee session, was forced to make an apology along with Yorihiisa Matsuno. Haraguchi said, "We are determined to improve our party on this occasion to conduct Diet debate with dignity."

The following conversation reportedly took place at the Lower House plenary session between Prime Minister Koizumi and Minshuto's Maehara while the former tapping the shoulder of the latter:

Koizumi: Don't be too discouraged. Keep your spirit high.

Maehara: We caused you trouble.

Koizumi is looking ahead beyond the e-mail mess. He told reporters about the remaining Diet session:

"I have characterized the current Diet session as administrative reform promotion Diet, so I think the Diet will return to that line. All cabinet ministers are required to devote themselves to their jobs."

Koizumi is expected to work hard to keep his momentum through reform debates with the aim of an early passage of administrative reform promotion legislation, including a bill to reduce the number of public servants. Koizumi's mind is clearly set to incorporate the reform promotion legislation in the "big-boned policy" to be produced in June to hand his reform drive down to his successor.

Although his last goal is to break away with deflation, how the public will react to the Livedoor-triggered growing income disparity is unknown.

On the diplomatic front, the outlook is dim for resolution of issues between Japan and the US, such as the realignment of US forces in Japan, the planned withdrawal of the SDF from Iraq, and the resumption of US beef imports. What to do with Japan's Asia diplomacy, which has stalled due to the Yasukuni Shrine issue, remains a weighty challenge.

A key also lies in how post-Koizumi candidates, such as Chief Cabinet Secretary Shinzo Abe, Finance Minister Sadakazu Tanigaki, Foreign Minister Taro Aso, and former Chief Cabinet Secretary Yasuo Fukuda, will deal with Koizumi's efforts to revamp his reform policy, given the changes in the environment surrounding the Koizumi administration.

9) Foreign Ministry's white paper on disarmament expresses strong concern about China's military buildup for first time

TOKYO SHIMBUN (Page 3) (Excerpts)

TOKYO 00001126 007 OF 012

March 3, 2006

The Foreign Ministry will incorporate in its annual report a passage expressing strong concern about China's arms buildup for the first time, according to informed sources yesterday. Although it does not identify the country as China, the ministry will include in the 2006 white paper on Japan's disarmament and nonproliferation diplomacy the passage noting "the arms buildup is a challenge that will directly affect Japan's national security."

In the 2005 version, the Foreign Ministry just stated: "Each nation will carefully watch China's moves in the military area." The tone of Japan's sense of alarm is stronger in the 2006 paper than in the previous one. Foreign Minister Taro Aso stated last December that China's military expansion is posing a "considerable threat." The report falls in line with this remark and is expected to draw a strong reaction from China again.

The Foreign Ministry will brief its draft in a meeting of the Liberal Democratic Party's Foreign Affairs Division today and

then release the white paper in the middle of March.

The white paper will state: "In Asia, there is a country that has been expanding armaments and has not fully uncovered its arms strength, constituting a matter of concern in the neighboring region." China's defense budget increased annually in the double-digit range for the 17th consecutive year until last year. In addition, the US Defense Department criticizing in its annual report last year the non-transparency of China's defense budget, noting: "Its actual defense budget is two to three times higher than the announced amount," A senior Foreign Ministry official said: "It is apparent that the identity of the nation in question is China."

10) Defense chief seeks local heads understanding on Iwakuni redeployment

TOKYO SHIMBUN (Page 2) (Full)
March 3, 2006

Defense Agency Director General Fukushima Nukaga met with the heads of eight municipalities neighboring the US Marine Corps' Iwakuni base in Yamaguchi Prefecture, including Yu Town Mayor Toshimitsu Makimoto, and sought their understanding on a plan to redeploy US carrier-borne aircraft from the US Navy's Atsugi base to the Iwakuni base.

In the meeting, the local heads asked Nukaga to detail the redeployment plan. "The government will appropriately respond to the neighboring municipalities from an overall perspective," Nukaga said. With this, Nukaga stressed that the government has been considering measures, such as subsidization.

Meanwhile, the city of Iwakuni will poll its residents on March 12 to ask its residents whether to accept the planned redeployment of fighter jets to Iwakuni. In the meeting, Nukaga and the municipal heads exchanged views on this matter.

11) Defense Agency suspends new contacts, warns Mitsubishi Electric

TOKYO 00001126 008 OF 012

SANKEI (Page 3) (Abridged)
March 3, 2006

The Defense Agency decided yesterday to suspend its entry into new contracts with Mitsubishi Electric Corp. (MELCO) and Mitsubishi Research Institute, Inc. (MRI) until the agency can confirm their steps to prevent info leakage from recurring. The two firms are alleged to have been involved in the outflow of missile data to an entity affiliated with the pro-Pyongyang General Association of Korean Residents in Japan (Chongryun). The leaked materials were about the Ground Self-Defense Force's surface-to-air missiles (SAM). The government is now studying an information security agreement with the United States as a step to strengthen the bilateral alliance. In response to this move, the agency decided to take such an unprecedented punitive action against the two firms over their leakage of defense secrets.

Defense Agency Director General Fukushima Nukaga called in MELCO President Tamotsu Nomaguchi and MRI President Masayuki Tanaka to the Defense Agency and strictly warned them. "Both of your companies have extremely grave responsibilities as contractors handling highly classified information," Nukaga told them. Nukaga also told them to come up with info leakage preventive measures. In addition, the defense chief also told them that the agency has decided to take punitive actions, such as suspending its entry into new contracts with the two companies until the agency can confirm that there is no fear of recurrence.

The Defense Agency asked MELCO to work out a report on a prototype of the future SAM missile from 1994 through 1995, and the report's graphs describing missile performance and other technical data flowed to the Science and Technology Association of Korean Residents in Japan.

12) Government to released nation's stockpiled oil in event of embargo imposed on Iran

SANKEI (Page 1) (Excerpts)
March 3, 2006

The government decided yesterday that it would release official stockpiles of oil if an embargo is imposed against Iran as part of economic sanctions for its nuclear development program. In past emergencies, the government had supplied oil stored by the private sector. If state oil is actually released, this would be the first such case. Should an oil export embargo be laid on Iran, Japan will receive a serious blow because it imports 15% (230 million barrels annually) of its oil from that nation.

The Foreign Ministry, the Ministry of Economy, Trade and Industry, and other concerned ministries have already started work to map out measures to ensure stable oil supplies, as well as to look into the impact of such economic sanctions on the Japanese and world economy. The international community is likely to consider such sanction measures as restricting governmental exchanges, suspending the issuance of visas, withdrawing the embassies from Iran; and freezing its assets overseas, in addition to an oil embargo.

Japan imports nearly 90% of its oil from the Middle East region. From the viewpoint of energy security, the government intends to look into exploring new oil suppliers in other areas and

TOKYO 00001126 009 OF 012

expanding new energy development.

Iran houses the Azadegan oil field, in which Japanese companies have 75% of all concession rights. Keeping this in mind, some government officials are calling for caution about sanctions against Iran.

The US, though, has announced it would take a resolute step in a bid to stop Iran's nuclear ambitions. In addition, even France and Germany, which clashed with the US on the occasion of the Iraq war, have fallen in step with the US. Given this, many insist that Japan should give priority to international cooperation.

Iran produces 5.1 % (4.08 million barrels daily) of the total volume of oil in the world, but there will be less impact on the US and European countries than on Japan even if an embargo is imposed on Iran. The US does not import oil from that nation, and the European countries are less dependent on Iran's oil.

13) Outstanding loan balance of new government-affiliated financial institutions as of end of fiscal 2008 set at half of GDP in 2004; Administrative reform promotion bill leaves source of contention over law that authorizes existing public banks

NIHON KEIZAI (Page 2) (Full)
March 3, 2006

The full text of an administrative reform promotion bill featuring the reorganization of government-affiliated financial institutions was unveiled yesterday. The draft noted that the outstanding loan balance at the end of fiscal 2008 of a public financial institution to be established anew, by combining existing ones, is set to be no more than half the fiscal 2004 gross domestic product (GDP). It also mentioned the complete privatization of Shoko Chukin Bank and the Development Bank of Japan but did not call for the abolition of their legal authorization. Since there is room left for various government agencies to involve themselves in the new bank for the purpose of securing positions for their retirees, there is concern that the reform will become ineffectual.

Government agencies in Kasumigaseki are strongly opposed to the bill. Regarding amakudari, it simply stipulates that consideration should be given so that positions are not limited

to people with specific experience in the public sector. The bill has opened the way for private citizens to take such positions, but it stopped short of placing a ban on amakudari.

Regarding the complete privatization of Shoko Chukin Bank and the Development Bank of Japan, concerned government agencies strongly insist on the preservation of the law that authorizes their existence. The law stipulates that government agencies with supervisory authority over those institutions have jurisdiction. It also mentions the details of operations of those financial institutions. Economy, Trade, and Industry Vice Minister Hideji Sugiyama said that the legal framework was necessary so that small and medium-size businesses can receive financing.

Internal Affairs and Communications Minister Heizo Takenaka is calling for scrapping the law. He insists that the management of the new entity should be in compliance with the Banking Law, as

TOKYO 00001126 010 OF 012

is the case with other private banks. Since the two sides remain at odds over this issue, how to handle the law will most likely remain a source of contention.

Coordination on the handling of the Japan Bank for International Cooperation among the Finance Ministry, the Foreign Ministry, and METI had run into snags, but a settlement has finally been reached on a proposal for dividing it into two functions. The key to smooth negotiations will be whether the efficacy of official development assistance (ODA) can be boosted by eliminating concerned government agencies' sectionalism.

14) Next focus of Diet deliberations is on key bills: No prospects in sight for submission of amendment to Basic Education Law, national referendum bill

NIHON KEIZAI (Page 2) (Full)
March 3, 2006

With the Lower House passage of the fiscal 2006 budget bill, the focus of Diet sessions will shift to the handling of key bills. Top priority for the government and the ruling camp is to secure the early enactment of administrative reform promotion legislation, which they characterize as the final touch of the series of the Koizumi reforms. In conjunction with the presentation of the bill by the government on Mar. 10, the ruling parties plan to set up a special committee in the Diet possibly in the middle of this month for intensive deliberations on the bill.

The government and the ruling parties are having difficulty coordinating views on other key bills, though. The Liberal Democratic Party (LDP) is calling for the inclusion of the word "patriotism" in a bill amending the Basic Education Law, while the New Komeito is taking a cautious stance toward the proposal. Views of LDP members are split between the Upper and Lower Houses over the national referendum legislation, which stipulates specific procedures for revising the Constitution. There are no prospects in sight for coordination with the Democratic Party of Japan (DPJ = Minshuto).

The LDP has been eager to pass both bills. Many members want to see them enacted while Prime Minister Koizumi, with his high public support ratings, is in office. If it becomes difficult to obtain Diet approval for that bill because of a delay in its submission to the Diet, it will likely jeopardize the prime minister's power base.

Among bills planned for submission to the current Diet session, the submission of a bill amending the Imperial House Law, which is aimed to allow females and their descendants to ascend the Imperial throne, and a set of bills for upgrading the Defense Agency to an agency status will likely be put on the backburner.

Key bills which government and ruling parties aim for enactment during current Diet session

Administrative reform promotion bill
Mentions ideals and timelines for reforming 10 areas, including the integration and disbandment of government-affiliated financial institutions and a net reduction in public servants.

TOKYO 00001126 011 OF 012

Set of bills reforming the medical services system
A rise in the share of medical expenses to be covered by patients

Amendment to the Building Standards Law
Strengthen penalties against illegal architectural design and supervision over private-sector inspection agencies.

Amendment to the Law on the Prevention of Collusive Bidding at the Initiative of Government Agencies
Strengthen, expand punishments on public servants who were directly involved in bid-rigging

Bills on which coordination of views is not going smoothly

Amendment to Basic Education Law
LDP is calling for the inclusion of the word "patriotism," but the New Komeito is opposing the proposal.

National referendum bill
Stipulates procedures for a national referendum aimed to revise the Constitution.

Set of bills for upgrading the Defense Agency (JDA) to a ministry status
Upgrade JDA, currently an extra-ministerial bureau of the Cabinet Office, to ministry status, which enables it to establish ministry ordinances and propose agenda items for cabinet meetings.

15) Beef issue: US agriculture secretary takes hard-line stance, revealing irritation with possible protraction of Japan's second ban on beef imports

YOMIURI (Page 9) (Full)
March 3, 2006

Eiji Hirose, Washington

In an interview on March 1 with the Yomiuri Shimbun, US Secretary of Agriculture Mike Johanns criticized Japan for its strict action of the reinstatement of an embargo on US beef imports. This is the first criticism he has made in public. His hardened attitude reflects America's irritation at growing calls in Japan to be cautious about resuming US beef imports.

In dealing with the discovery of vertebral columns - a material prohibited by Japan to be exported - in the US beef shipment to Japan, Johanns until recently had fully admitted to the US mistake and he had reiterated that Japan's second import ban on US beef "is understandable."

But in the interview this time, Johanns turned the argument around. For instance, he said, "The beef issue shouldn't be affected by political science but should follow science." He emphasized that in his view, Japan's second ban on beef imports was "an overreaction," saying, "If one vehicle imported from Japan was found to have a defect, should the US completely halt imports of Japanese cars?"

His criticism came in the background that the US has failed to avoid a worst-case scenario, namely that the US had hoped that a report released in February by the Department of Agriculture

TOKYO 00001126 012 OF 012

(USDA) would lead to Japan's early lifting of the embargo on US beef imports, but on the contrary, the report highlighted the sloppy beef administration in the US, thereby making Japan even

more cautious about resuming US beef imports.

Johanns announced a policy of allowing Japanese government officials to inspect US facilities on a regular basis after the resumption of beef imports. He did so perhaps out of his strong sense of alarm that in order to publicize the safety of US beef, he would have to take whatever measures possible.

In the US Congress, some legislators are already beginning to call for economic sanctions against Japan. The Japan-US beef dispute had been settled late last year with Japan's lifting of the ban on US beef imports, but the Congress is again taking a serious look.

16) Agricultural Report for 2005 likely to emphasize "offensive" stance, according to its draft

YOMIURI (Page 9) (Full)
March 3, 2006

Major points of the Agricultural Report of Food, Agriculture, and Farm Villages that the Ministry of Agriculture, Forestry and Fisheries (MAFF) will finalize by this spring were revealed yesterday. The report is full of "offensive agricultural approaches" as promoted by Prime Minister Koizumi, for instance, a response to violations of the right to new plant variety and promotion of farm product exports by taking advantage of the Japanese food boom abroad.

The report deals with the reinstatement of the ban on US beef imports in the wake of the discovery of specified risk materials in the US beef shipment to Japan and bird flu that might spread worldwide. In order to ensure consumer confidence in food, the report emphasizes the importance of fully familiarizing agricultural organizations and food processing firms with the observation of laws, as well as making clear who are producers and who are consumers. Besides, the report points out the need to make arrangements to urge retired baby-boomers to settle down in farm villages.

SCHIEFFER